

## Withholding Certificate for Pension or Annuity Payments

Type or Print Your Full Name	Your Social Security Number
Home Address (Number and Street or Rural Route)	Claim or Identification Number (if any) of Your Pension or Annuity Contract
City or Town, State and ZIP Code	

**Complete the following applicable lines:**

1. I elect not to have income tax withheld from my pension or annuity. (Do not complete lines 2, 3, or 4.) ..... ☐
2. I want my withholding from each pension or annuity payment to be figured using the number of allowances and marital status shown below:
  - a. Number of allowances you are claiming from the Regular Withholding Allowances Worksheet A ..... 1 \_\_\_\_\_
  - b. Number of allowances from the Estimated Deductions Worksheet B ..... 2 \_\_\_\_\_
- ☐ SINGLE or MARRIED (with two or more incomes)  
 ☐ MARRIED (one income)  
 ☐ HEAD OF HOUSEHOLD
3. I want the following **additional** amount withheld from each pension or annuity payment. **Note:** You cannot enter an amount here without entering the number (including zero) of allowances on line 2 above ..... \$ \_\_\_\_\_
4. I want this designated amount withheld from each pension or annuity payment. (Do not complete lines 1, 2, or 3.) ... \$ \_\_\_\_\_

Your Signature Date ▶

----- **Cut Here** -----

Give the top part of this form to the payer of your pension or annuity; keep the lower part for your records

**Purpose of Form.** — Unless you elect otherwise, the law requires that personal income tax be withheld from payments of pensions and annuities. The marital status and the withholding allowance claimed on your W-4P can be used to figure your State tax withholding.

The DE 4P allows you to:

- (1) Claim a different number of allowances for California personal income tax withholding than for federal income tax withholding.
- (2) Elect not to have income tax withheld from your periodic, or nonperiodic, pension or annuity payments.
- (3) Elect to have income tax withheld on periodic or nonperiodic payments based on:
  - (a) the number of allowances and marital status specified.
  - (b) a designated dollar amount.
- (4) Change or revoke the DE 4P previously filed.

**Withholding from Pensions and Annuities.** — Generally, withholding applies to payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans, from individual retirement arrangements (IRA), and from commercial annuities. Withholding also applies to property other than cash distributed.

In compliance with Federal law, California income tax is not to be withheld from pension recipients who reside outside of California.

Periodic and nonperiodic payments from all of the items above are treated as wages for the purpose of withholding.

A periodic payment is one that is includible in your income for tax purposes and that you receive in installments at regular intervals over a period of more than one full year from the starting date of the pension or annuity. The intervals can be annual, quarterly, monthly, etc. For example, if you receive a monthly pension or annuity payment and will continue to receive payments for more than a year, the payments are periodic. However, distributions from an IRA that are payable upon demand are treated as nonperiodic payments.

There are some kinds of periodic and nonperiodic payments for which you cannot use the DE 4P since they are already defined as wages subject to income tax withholding. Your payer should be able to tell you whether the DE 4P will apply.

Your certificate is usually effective 30 days after you file the form. The certificate stays in effect until you change or revoke it.

**Methods of Withholding.** — The payer can use one of the following three methods:

- (1) An amount determined by using the State wage withholding table. Payee completes lines 2 and 3 above.
- (2) A dollar amount that you designate. Payee completes line 4 above.
- (3) Ten percent of the amount of federal withholding computed pursuant to Section 3405 of the Internal Revenue Code.

**Completing the Form.** — Fill in your name, address, social security number, and the identification number (if any) of the pension or annuity.

**Line 1, Exemption from Withholding.** — Check this box if you do not want any tax withheld from your payment. You do not have to give a reason for claiming the exemption from withholding.

**Caution:** Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. You may be able to avoid paying quarterly estimated tax to the Franchise Tax Board by having enough tax withheld from your pension or annuity using the DE 4P.

**Revoking the Exemption from Withholding.** — If you want to revoke your previously filed exemption from withholding for periodic and nonperiodic payments, file another DE 4P completing lines 1, 2, 3 or 4.

**Line 2, Withholding Based on Specified Withholding Allowances.** — If you want withholding to be based on a specified number of allowances, write the number on this line and check the filing status box you want. The worksheets accompanying this form may be used to figure your withholding allowance.

**Line 3, Multiple Pensions/More than One Income.** — Indicate additional amount to be withheld from each payment. You may use Worksheet C, accompanying this form, to determine the additional amount.

**Line 4, Withholding a Designated Dollar Amount.** — Indicate dollar amount you want withheld on this line (in lieu of claiming withholding allowances).

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## INSTRUCTION 1 — ALLOWANCES

When determining your withholding allowances, you must consider your personal situation.

Do you claim allowances for dependents or blindness?

Will you itemize your deductions?

Do you have more than one income coming into the household?

If you have a working spouse or more than one job or income, it would be best to figure the total number of allowances you are entitled to claim on all jobs using the worksheets from only one DE 4P. Allowances can then be claimed with one employer only, or split among employers.

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### WORKSHEET A

### REGULAR WITHHOLDING ALLOWANCES

- A) Allowance for yourself — enter 1 . . . . . (A) \_\_\_\_\_
- B) Allowance for your spouse (if not separately claimed by your spouse) — enter 1 . . . . . (B) \_\_\_\_\_
- C) Allowance for blindness — yourself — enter 1 . . . . . (C) \_\_\_\_\_
- D) Allowance for blindness — your spouse (if not separately claimed by your spouse) — enter 1 . . . . . (D) \_\_\_\_\_
- E) Allowance(s) for dependent(s) — Do not include yourself or your spouse . . . . . (E) \_\_\_\_\_
- E-1. Please enter the number of dependents for which you are claiming allowances: \_\_\_\_\_
- E-2. Please multiply the number entered in E-1 by 3 and enter on line E\* \_\_\_\_\_
- F) Total — add lines (A) through (E) above . . . . . (F) \_\_\_\_\_
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## INSTRUCTION 2 — ADDITIONAL WITHHOLDING ALLOWANCES

If you expect to itemize deductions on your California income tax return, you can claim additional withholding allowances. Use this worksheet to determine whether your expected estimated deductions may entitle you to claim one or more additional withholding allowances. If you have a complex tax situation or numerous itemized deductions, use last year's FTB 540 form as a model to calculate this year's withholding amounts.

You may reduce the amount of tax withheld from your wages by claiming one additional withholding allowance for each \$1,000, or fraction of \$1,000, by which you expect your estimated deductions for the year to exceed your allowable standard deduction.

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### WORKSHEET B

### ESTIMATED DEDUCTIONS

1. Enter an estimate of your itemized deductions for California taxes for this tax year as listed in the schedules in the FTB 540 form . . . . . 1. \$ \_\_\_\_\_
2. Enter \$6,140 if head of household or qualifying widow(er) with dependent(s)  
\$6,140 if married filing jointly  
\$3,070 if single . . . . . 2. \$ \_\_\_\_\_  
\$3,070 if married filing separately
3. Subtract line 2 from line 1, enter difference . . . . . 3. \$ \_\_\_\_\_
4. Enter an estimate of your adjustments to income (alimony payments, IRA deposits) . . . . . 4. \$ \_\_\_\_\_
5. Add line 4 to line 3, enter sum . . . . . 5. \$ \_\_\_\_\_
6. Enter an estimate of your nonwage income (dividends, interest income, alimony receipts) . . . . . 6. \$ \_\_\_\_\_
- If line 5 is greater than line 6 (if less, see below);
7. Subtract line 6 from line 5, enter difference . . . . . 7. \$ \_\_\_\_\_
8. Divide the amount on line 7 by \$1,000, round any fraction to the nearest whole number . . . . . 8. \$ \_\_\_\_\_  
Enter this number on line 2 of the DE 4P. Complete Worksheet C, if needed.
- If line 6 is greater than line 5;
9. Enter amount from line 6 (nonwage income) . . . . . 9. \_\_\_\_\_
10. Enter amount from line 5 (deductions) . . . . . 10. \_\_\_\_\_
11. Subtract line 10 from line 9, enter difference . . . . . 11. \$ \_\_\_\_\_  
Complete Worksheet C
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\*Recent legislation increased allowances for dependents but not other exemption allowances.  
Dependent allowances are approximately equal to three allowances.

**WORKSHEET C**
**TAX WITHHOLDING AND ESTIMATED TAX**

1. Enter estimate of total wages for tax year 2004 . . . . . 1. \_\_\_\_\_
2. Enter estimate of nonwage income (line 6 of Worksheet B) . . . . . 2. \_\_\_\_\_
3. Add line 1 and line 2. Enter sum . . . . . 3. \_\_\_\_\_
4. Enter itemized deductions or standard deduction (line 1 or 2 of Worksheet B, whichever is largest) . . . . . 4. \_\_\_\_\_
5. Enter adjustments to income (line 4 of Worksheet B) . . . . . 5. \_\_\_\_\_
6. Add line 4 and line 5. Enter sum . . . . . 6. \_\_\_\_\_
7. Subtract line 6 from line 3. Enter difference . . . . . 7. \_\_\_\_\_
8. Figure your tax liability for the amount on line 7 by using the 2004 tax rate tables shown below . . . . . 8. \_\_\_\_\_
9. Enter personal exemptions (line F of Worksheet A x \$82.00) . . . . . 9. \_\_\_\_\_
10. Subtract line 9 from line 8. Enter difference . . . . . 10. \_\_\_\_\_
11. Enter any tax credits. (See FTB Form 540) . . . . . 11. \_\_\_\_\_
12. Subtract line 11 from line 10. Enter difference. This is your total tax liability . . . . . 12. \_\_\_\_\_
13. Calculate the tax withheld and estimated to be withheld during 2004. Contact your payer to request the amount that will be withheld on your pension based on the marital status and number of withholding allowances you will claim for 2004. Multiply the estimated amount to be withheld by the number of pay periods left in the year. Add the total to the amount already withheld for 2004 . . . . . 13. \_\_\_\_\_
14. Subtract line 13 from line 12. Enter difference. If this is less than zero, you do not need to have additional taxes withheld 14. \_\_\_\_\_
15. Divide line 14 by the number of pay periods remaining in the year. Enter this figure on line 3 of the DE 4P . . . 15. \_\_\_\_\_

**NOTE:** Your employer is not required to withhold the additional amount requested on line 3 of your DE 4P. If your employer does not agree to withhold the additional amount, you may increase your withholdings as much as possible by using the "single" status with "zero" allowances. If the amount withheld still results in an underpayment of State income taxes, you may need to file quarterly estimates on Form 540ES with the Franchise Tax Board to avoid a penalty.

**THESE TABLES ARE FOR CALCULATING WORKSHEET C AND FOR 2004 ONLY**

SINGLE OR MARRIED WITH DUAL EMPLOYERS				
IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...	PLUS	
\$ 0	\$ 5,962	1.0%	\$ 0	\$ 0.00
\$ 5,962	\$14,133	2.0%	\$ 5,962	\$ 59.62
\$14,133	\$22,306	4.0%	\$14,133	\$ 223.04
\$22,306	\$30,965	6.0%	\$22,306	\$ 549.96
\$30,965	\$39,133	8.0%	\$30,965	\$ 1,069.50
\$39,133	and over	9.3%	\$39,133	\$ 1,722.94

MARRIED FILING JOINT OR QUALIFYING WIDOW(ER) TAXPAYERS				
IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...	PLUS	
\$ 0	\$11,924	1.0%	\$ 0	\$ 0.00
\$11,924	\$28,266	2.0%	\$11,924	\$ 119.24
\$28,266	\$44,612	4.0%	\$28,266	\$ 446.08
\$44,612	\$61,930	6.0%	\$44,612	\$ 1,099.92
\$61,930	\$78,266	8.0%	\$61,930	\$ 2,139.00
\$78,266	and over	9.3%	\$78,266	\$ 3,445.88

HEAD OF HOUSEHOLD TAXPAYERS				
IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...	PLUS	
\$ 0	\$11,930	1.0%	\$ 0	\$ 0.00
\$11,930	\$28,267	2.0%	\$11,930	\$ 119.30
\$28,267	\$36,437	4.0%	\$28,267	\$ 446.04
\$36,437	\$45,096	6.0%	\$36,437	\$ 772.84
\$45,096	\$53,267	8.0%	\$45,096	\$ 1,292.38
\$53,267	and over	9.3%	\$53,267	\$ 1,946.06

IF YOU NEED MORE DETAILED INFORMATION, SEE THE INSTRUCTIONS THAT CAME WITH YOUR LAST CALIFORNIA INCOME TAX RETURN OR CALL FRANCHISE TAX BOARD:

IF YOU ARE CALLING FROM WITHIN THE UNITED STATES 1-800-852-5711

IF YOU ARE CALLING FROM OUTSIDE THE UNITED STATES (916) 845-6500  
(Not Toll Free)

FOR THE HEARING IMPAIRED 1-800-822-6268

DE 4P information is collected for purposes of administering the Personal Income Tax law and under the Authority of Title 22 of the California Code of Regulations and the Revenue and Taxation Code, including Section 18624. The Information Practices Act of 1977 requires that individuals be notified of how information they provide may be used. Further information is contained in the instructions that came with your last California income tax return.

**Example for Worksheet C for the Year 2004.**

Payee estimates income from his or her pension to be \$1,500 a month and is claiming the standard deduction and single with one withholding allowance.

- |   |    |             |
|---|----|-------------|
| 1. Estimate annualized income (\$1,500 a month x 12 months). Enter on line 1. | 1. | \$18,000.00 |
| 2. Estimated nonwage income.  | 2. | \$ 8,000.00 |
| 3. Add lines 1 and 2 and enter total on line 3.                               | 3. | \$26,000.00 |
| 4. Enter amount for single from line 2 of Worksheet B.                        | 4. | \$ 3,070.00 |
| 5. Enter adjustments to income shown on line 4 of Worksheet B.                | 5. | 0.00        |
| 6. Enter sum of lines 4 and 5.  | 6. | \$ 3,070.00 |
| 7. Subtract line 6 from line 3 and enter difference on line 7.                | 7. | \$22,930.00 |
| 8. Compute the tax liability for the amount on line 7.                        |    |             |

Use the 2004 tables for single from Worksheet C under the entry covering \$22,930 (over \$22,306 but not over \$30,965).

Compute 6% of the amount over \$22,306

(\$22,930 - \$22,306) x .06 = \$37.44).

\$ 37.44

Add the marginal tax amount.

\$549.96

Enter the total on line 13.

Total \$587.40

8. \$ 587.40

- |   |     |                 |
|---|-----|-----------------|
| 9. Enter the amount for one personal exemption on line 9 (1 x \$82.00).   | 9.  | \$ 82.00        |
| 10. Subtract line 9 from line 8 and enter the difference on line 10.  | 10. | \$ 505.40       |
| 11. Enter any tax credits that will be allowed for 2004 (see FTB Form 540).   | 11. | 0.00            |
| 12. Subtract line 11 from line 10 and enter the difference on line 12.  | 12. | \$ 505.40       |
| 13. Calculate the tax withheld and estimated to be withheld during 2004.<br>Withholding on the pension of \$1,500 a month claiming single with one withholding allowance based on the California withholding schedule for 2004 is \$16.42 x 12 = \$197.04.<br>Enter that amount on line 13. | 13. | \$ 197.04       |
| 14. Subtract line 13 from line 12. Enter difference on line 14.   | 14. | \$ 308.36       |
| 15. Divide line 14 by the number of pay periods remaining in the year.<br>(\$308.36 ÷ 12 = \$25.70)   | 15. | <u>\$ 25.70</u> |

Enter \$25.70 on line 3 of the DE 4P.